



United States  
General Accounting Office  
Washington, D.C. 20548

Accounting and Information  
Management Division

B-281379

October 30, 1998

Mr. Christopher Dey  
Chief Financial Officer  
Office of the Sergeant at Arms  
United States Senate

Subject: Financial Management: Senate Observations and Counts

Dear Mr. Dey:

At your request, we conducted fiscal year-end inventory observations and cash-related counts at certain U.S. Senate locations on September 30, 1998, and October 1, 1998. In completing these tasks, we performed agreed-upon procedures which were solely intended to meet your needs for independent observations of the inventories and counts of cash-related items at the selected locations. In specifying the procedures we were to perform, your office was responsible for ensuring that the procedures were sufficient to meet your objectives. Accordingly, we make no representations regarding the sufficiency or adequacy of procedures either for the purposes for which you requested them or for any other purpose. In applying these agreed-upon procedures, we conducted our work in accordance with generally accepted government auditing standards.

In summary, the agreed-upon procedures we performed included observing the inventory count and recordation process performed; recounting amounts for stamps, cash, and cash-related items on hand and comparing combined totals to the authorized amounts; counting cash and related receipts and comparing their total to authorized petty cash fund amounts; counting cash on hand for operations and comparing the result to authorized amounts; and listing and determining the amount of checks on hand. Enclosed are the results of our work.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

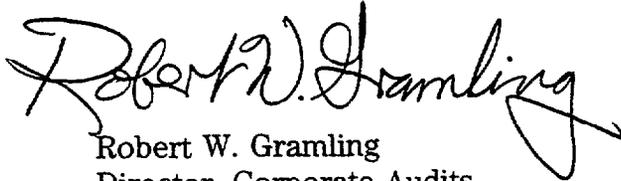
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GAO/AIMD-99-30R Senate Observations and Counts

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We provided a draft of this letter, along with its enclosure, to representatives of your office for review and comment. They agreed with the content of this letter and its enclosure. We conducted our work from September 29, 1998, through October 15, 1998.

Sincerely yours,

A handwritten signature in black ink that reads "Robert W. Gramling". The signature is written in a cursive style with a large, sweeping flourish at the end of the word "Gramling".

Robert W. Gramling  
Director, Corporate Audits  
and Standards

Enclosure

RESULTS OF INVENTORY OBSERVATIONS AND CASH COUNTS  
AT VARIOUS U. S. SENATE OFFICES

The agreed-upon procedures and the associated results are as follows:

INVENTORY PROCEDURES

We observed the counting and recording of the inventories taken at the Senate Hair Care Center. Specifically, we inspected inventory schedules prior to counting to ensure that no inventory counts had been prerecorded on the schedules. We observed the count process to determine if the counter correctly (1) identified all the items on the specific shelves and displays being inventoried and (2) announced the item and units counted. We observed the count recording to determine if the recorder accurately identified the item on the inventory schedule and accurately recorded the number of units announced for that item.

Results

The inventory teams followed the inventory procedures described above without exception. In addition, the inventory teams correctly identified inventory that was not on the original inventory schedules. In those instances, they added the item to the schedule and accurately recorded the number of units counted.

CASH AND CASH-RELATED COUNT PROCEDURES

U.S. Senate Post Office

At the U.S. Senate Post Office, we counted the amount of stamps, cash and cash-related items contained in a safe and eight operating cash/stamp drawers. Cash-related items include checks, vouchers, money orders received as payment, and U.S. Senate Post Office funds on account with the U.S. Postal Service.<sup>1</sup> With respect to funds on account with

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<sup>1</sup>Prior to performing our counts, staff from the U.S. Senate Post Office informed us that the Post Office had established an account with the U.S. Postal Services facility located in Brentwood, Maryland. The U.S. Senate Post Office regularly deposits funds to this account with the U.S. Postal Service to facilitate the purchase and shipment of postage stamps to the U.S. Senate Post Office. Because some portion of the U.S. Senate Post Office authorized fund is on account with the U.S. Postal Service, we agreed to modify the procedures to review U.S. Senate Post Office internal records of the balance on

the U.S. Postal Service, we reviewed the amount recorded in the U.S. Senate Post Office's internal records and obtained written confirmation from the Postal Service of the amount held for the U.S. Senate Post Office as of close of business on September 30, 1998. Where applicable, we compared amounts recorded for debit postal money orders and debit postal meter sales to system printouts provided. Finally, for the safe and eight drawers, we compared the combined total of stamps, cash, and cash-related items to the accountable amounts authorized for the U.S. Senate Post Office of \$87,429.07.

### Results

For the safe and the eight cash/stamp drawers, the amount of cash and stamps we counted for two drawers agreed with the amount authorized for the drawers. With respect to the remaining six cash/stamp drawers and the safe, our counts noted differences between the total for stamps, cash, and cash-related items and the authorized total for each of the six drawers and the safe. The completed inventory sheet prepared by the U.S. Senate Post Office staff responsible for the safe and two of the six drawers noted the same difference we identified during our counts. With respect to the funds on account with the U.S. Postal Service, the amount recorded in the U.S. Senate Post Office's internal records (\$8,477.43) was independently confirmed by the U.S. Postal Service Finance Division. For the safe and the six drawers with differences, individual differences ranged from a shortage of 27 cents for one drawer to an overage of \$20.80 for another and netted to a combined \$27.75 over and above the U.S. Senate Post Office's accountable amount of \$87,429.07.

### Petty/Operations Cash Funds

We counted and totaled the cash on hand at each of the four "petty/operations" cash funds at the Senate Page Residence (Webster Hall) and three other Senate locations (one at Postal Square and two located in the Capitol). At each location, we also scheduled and totaled the receipts on hand evidencing disbursements from the fund. Finally, we compared the combined total of cash and receipts available at each location to the amount authorized for each fund (\$500 for the Senate Page Residence, \$300 for Postal Square, and \$100 and \$50 for the two Capitol offices).

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account as of the date of our counts and to request independent confirmation of the amount from the U.S. Postal Service.

Results

At the Senate Page Residence, the combined total of cash on hand and receipts for use of the petty cash fund agreed with the \$500 authorized for the fund.

At the Senate Sergeant at Arms, one of the two petty cash locations in the Capitol building, the combined total of cash on hand and receipts exceeded the \$50 authorized amount for the petty cash fund by \$4.11. The fund's custodian explained that the overage was most likely attributable to the way she handles certain expenditures and reimbursements related to the fund. The custodian said that when she pays for items covered by the fund, she obtains reimbursement from the fund only in even dollar amounts and leaves any change in the fund. The custodian said that not removing the change from the fund associated with individual purchases she made on behalf of the fund must have resulted in the accumulation of the \$4.11 more than the fund was authorized.

At the Capitol Facilities Management, the other petty cash location in the Capitol, the total of cash on hand was \$20.60. At the time of our count, there were no receipts available for us to schedule to account for the remaining \$79.40 of this \$100 petty cash fund. The custodian's records did contain a piece of paper listing three dates and three amounts which totaled the \$79.40 difference. In explaining the missing receipts, the custodian indicated that she thought she had submitted requests (along with the original receipts) to replenish the fund for the \$79.40 petty cash disbursements made. However, she had not made file copies. We agreed to review any evidence of pending requests and subsequently, we were provided with a copy of two separate Expense Summary Report and Petty Cash Itemization Sheets and related receipts for \$54.40 in disbursements which had not been reimbursed to the custodian. Based on the nature, timing, and extent of the additional evidence provided to us, the unexplained difference initially observed between the authorized amount and total cash and receipts evidencing petty cash fund disbursements was reduced to \$25.

At the operations fund located at Postal Square, we counted cash totaling \$58.96 and scheduled 14 receipts totaling \$174.85. The combined total of cash and receipts on hand accounted for \$233.81 of the \$300 in authorized petty cash funds. At the time of our count, the custodian did not provide an explanation for the \$66.19 difference. Subsequent to our count, we were provided with two separate Expense Summary Report and Petty Cash Itemization Sheets and related receipts for an additional \$65.09 to support disbursements from the fund. Based on the nature, timing, and extent of the additional evidence provided, the unexplained difference initially observed between the authorized

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amount and the total cash and receipts evidencing petty cash fund disbursements was reduced to \$1.10.

U.S. Senate Hair Care Center

At the Senate Hair Care Center, we counted and totaled the register cash used for daily operations that was on hand at the start of operations and compared it to the \$125 authorized for the register.

Results

We counted the \$125 in cash in the register which agreed with the amount authorized for the Hair Care Center.

U.S. Senate Recording and Photographic Studios

For the Senate Recording Studio, the two Senate Photographic Studios, and the Senate Office of Health Promotion, which periodically receive payments for services, we called, on September 30, 1998, and arranged to review any payments on hand at the time of our call. For those locations with payments, we listed the date, form (e.g., cash, check, voucher, or money order), the amount, and the source of each payment.

Results

At the time of our visit to the Senate Recording Studio, we scheduled and totaled seven checks with a combined total of \$16,620.50. At the time of our visit to the Photographic Studio located in Postal Square, we scheduled and totaled a combination of six checks and money orders totaling \$157.60. We were told by staff responsible for the Photographic Studio located in the Dirksen Senate Office Building and the Office of Health Promotion that there were no checks or other payments on hand at the time of our inquiry.

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